



**Request for City Council Committee Action
From the Department of Finance and Property Services**

Date: May 1, 2012

To: Honorable Betsy Hodges, Chair Ways & Means Committee

Subject: Discussion of 2011 Investment Performance and year-end Cash Balance

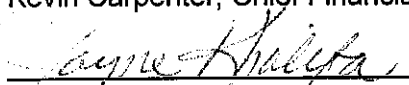
Recommendation: Receive and File

Previous Directives: 2011 4th Quarter Report – received and files 4/9/12

Prepared by: LeaAnn Stagg, Director of Treasury

Approved by: Kevin Carpenter


Kevin Carpenter, Chief Financial Officer


Jayne Khalifa, City Coordinator

Presenters: LeaAnn Stagg, Director of Treasury

Reviews: N/A

Financial Impact: No financial impact

Community Impact: N/A

Background/Supporting Information:

As a follow-up to the discussion at Ways and Means/Budget on 4/9/12 around the Financial Status Report as of 4th Quarter 2011. Finance and Property Services Department is providing additional information on 2011 Investment Performance and year-end Cash Balances.

2011 Fourth Quarter Investment Report

In accordance with the City's investment policy, revenue not immediately required for payment of obligations shall be placed in authorized investments. The objectives of the City's investment strategy, in order of priority, are safety of principal, liquidity and yield.

As of December 31, 2011, the City's current investment portfolio was valued at \$558.8 million. The sector holdings and fund distributions are shown below. For the twelve months ended December 31, 2011, the portfolio has outperformed its benchmark.

Investment Performance period ended December 31, 2011	City Portfolio	Custom Benchmark*
3 month Total Return	0.2%	0.1%
12 months Total Return	1.1%	1.0%
3 year Total Return	1.4%	0.8%
Credit Quality	AGY	TSY

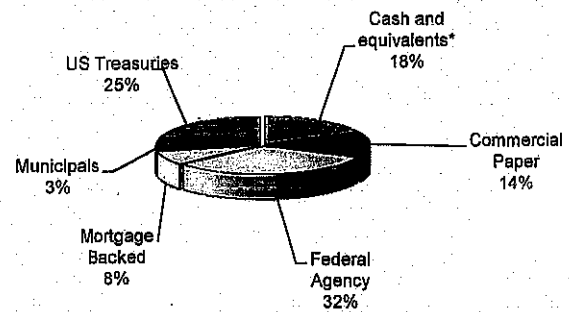
* Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.

Portfolio Holdings By Sector

Sector	Dec. 31 2011	% of port.	Dec. 31 2010	% of port.
Market Value in millions				
Cash and equivalents*	\$ 99.4	18%	\$ 92.4	17%
Commercial Paper	78.4	14%	74.7	14%
Federal Agency	179.3	32%	192.1	36%
Mortgage Backed	44.8	8%	32.0	6%
Municipals	16.8	3%	16.0	3%
US Treasuries	140.1	25%	128.0	24%
Total Market Value	\$ 558.8	100%	\$ 535.2	100%

*Net of checks outstanding

Portfolio by Sector
Dec. 31, 2011



Funds

Book Value in millions	Dec. 31 2011	% of funds	Dec. 31 2010	% of funds
Debt Service	\$ 30.8	6%	\$ 57.1	11%
Development	22.8	4%	27.8	5%
Enterprise Fund	86.6	16%	81.3	15%
General	73.4	13%	63.5	12%
Internal Service	71.3	13%	57.8	11%
Hilton Trust	7.1	1%	14.0	3%
NRP	43.9	8%	49.1	9%
Park Board	20.6	4%	16.7	3%
TIF	97.4	18%	85.9	16%
Convention Center	28.1	5%	21.1	4%
Other	19.8	4%	14.5	3%
Sub Total City Op. Port.	\$ 501.8	90%	\$ 488.8	92%
Bond Proceeds/Const.	54.2	10%	43.7	8%
TOTAL Book Value	556.0	100%	532.5	100%
Unrealized G/L & Acc int	2.8		2.7	
All Funds Mkt Value	\$ 558.8		\$ 535.2	

Fund Balances (in millions)
Book Value Dec. 31, 2011

